

Washington State
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NEWS**FOR RELEASE: 3/30/01****CONTACT: Deborah Bortner**
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SECURITIES FIRM AGREES TO REFUND \$500,000 TO INVESTORS

Under terms of a consent order agreed to this week by an official of Woodstock Securities, Ltd., a firm based in Calgary, Alberta, more than \$500,000 will be refunded to investors in World Water Solutions, Inc., a Yelm company still in the formation stage. More than \$400,000 of the amount to be refunded will go to investors in Washington State, most of whom live in Thurston County.

According to Securities Division Director Deborah Bortner of the Department of Financial Institutions, Woodstock Securities, Ltd., its President, Rodney Alain, and Carol Lawson issued promissory notes to more than 300 Washington investors. Bortner says that neither Woodstock Securities, the promissory notes, nor the individuals offering the notes, were registered with the Securities Division.

"None of the disclosures required to be made to potential investors were made before or during the sale of the notes," Bortner says. "Furthermore, the investors have told us that there were material misrepresentations made during the sale, in violation of the anti-fraud provision of Washington's Securities Act."

The consent order states that Alain and Lawson started raising funds for World Water Solutions in the spring of last year, with the promissory notes promoted at seminars in Yelm and by word-of-mouth. By the middle of August, more than \$400,000 had been invested by about 300 Washington residents and nearly \$100,000 by out-of-state investors. The notes promised 12 percent interest and were due to be paid by Woodstock no later than December 31, 2000.

Investors were told the new company would build a production and distribution plant in Yelm for specialized water and related products. The investors' money was to be spent for setting up a business plan and company website, buying high-tech equipment, and "taking the company public" on the stock market, at which time investors could convert their investment money to shares in the company.

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Investors were instructed to write checks payable to Woodstock in return for promissory notes. Investors were referred to as "lenders," and told they were purchasing shares of World Water Solutions. Investors did not receive any written materials describing the risks associated with the investment.

The state's investigation began when Canadian Customs stopped a courier carrying \$83,700 in checks from Yelm residents into Canada. The Royal Canadian Mounted Police opened an investigation and reported the matter to Washington State securities enforcement staff.

In the consent order resolving the issue, the respondents -- Woodstock, Alain, and Lawson -- admit the violations and acknowledge the Securities Division's jurisdiction and authority in the matter. The respondents have agreed to cease and desist from offering or selling unregistered securities or violating the anti-fraud provision of the Securities Act. In addition to agreeing to refund investors' money, Rodney Alain paid a \$4,000 fine and reimbursed the Securities Division \$2,000 for the cost of its investigation.

Bortner notes that the investors became involved, in part, because of promises that the firm was going to be listed on the stock exchange. She says, "In essence, this was a pre-IPO (initial public offering) scheme, where investors are told that they can get in early and make a lot of money once the firm goes public." She cautions investors to be wary when such promises are made, and points out that the process of getting listed on an exchange is very difficult.

"Before putting money into any investment," Bortner advises, "check with the Securities Division to see if it's registered and whether the person selling it is properly licensed." Washington's Securities Division may be contacted by calling 1-800-372-8303 (toll free in Washington) or you can visit them on the Web at www.dfi.wa.gov.

(A copy of the Woodstock consent order is available on the Securities Division Web site at <http://www.wa.gov/dfi/securities/SDO-84-00.pdf>)
